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EXAMINER

MERCHANT, SHAHID R

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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.



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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 10/821,610  
Filing Date: April 09, 2004  
Appellant(s): LOZANO, CARLOS ANDRES

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Kerry P. Sisselman  
Reg. No. 37,237  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed May 13, 2008 appealing from the Office action mailed September 6, 2007.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows: Claims 2-15 and 17-21 rejected under 35 U.S.C. § 101.

**NEW GROUND(S) OF REJECTION**

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 2-15 and 17-21 are rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876). The process steps in claims (2-15 and 17-21) are not tied to another statutory class nor do they execute a transformation. Thus, they are non-statutory.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

2003/0041025

Bonalle

4-2003

The Bank Credit Card Business by American Bankers Association, 2nd Edition, 1996, pages 1-236 (Reference U).

Orchard Bank- Credit Cards  
<http://web.archive.org/web/20010409085314/orchardbank.com/cards/obbanksecaq.htm> (Reference V).

PSECU- Capitol Card  
<http://web.archive.org/web/20010303165444/www.psecu.com/products/loans/visa.htm> (Reference W).

Eileen Ambrose (2000, August 20). 401(k) too nice to pinch :[FINAL Edition]. The Sun, p. 1D. Retrieved August 28, 2007, from The Sun, Baltimore database. (Document ID: 59895776) (Reference X).

### **(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

#### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 2-15 and 17-21 are rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876). The process steps in claims (2-15 and 17-21) are not tied to another statutory class nor do they execute a transformation. Thus, they are non-statutory.

#### ***Claim Rejections - 35 USC § 103***

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 2-4, 6, 9, 10 and 13-22 rejected under 35 U.S.C. 103(a) as being unpatentable over The Bank Credit Card Business by American Bankers Association (Hereinafter ABA) (see PTO-892, Ref. U) in view of Bonalle et al., U.S. Patent

Application Publication 2003/0041025 (see PTO-892, Ref. G) and further in view of 401(k) too nice to pinch by Eileen Ambrose (see PTO-892, Ref. X). Hereinafter Ambrose.

4. As per claim 2, ABA teaches a method of managing a credit, comprising the steps of:

(a) establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer; (see pages 183-185);

(b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees;

(c) obtaining a financial card, for providing access by the consumer to the stored credit (see pages 65-72);

(d) causing a first amount to be debited from the stored credit as a result of a financial transaction using the financial card, resulting in a remaining credit (see page 76 and Exhibit 6.9, items 2 and 3); and

(e) after step (d), paying, by the consumer, of at least one of interest and late fees on the first amount, in accordance with the parameters set in step (b). (see pages 76, 78 and Exhibit 6.9, items 14 and 15).

ABA does not explicitly teach (b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees and

wherein the at least one of interest and a late fee is added to the remaining credit to form a new stored credit available to the consumer.

Bonalle teaches (b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees (see paragraph 11).

Ambrose teaches wherein the at least one of interest and a late fee is added to the remaining credit to form a new stored credit available to the consumer (see Ref. X).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA, Bonalle and Ambrose to allow a consumer to set interest rates because it attracts new consumers into becoming card members as taught by Bonalle (see paragraph 3) and credit a payment of interest to an account to form a new available balance as taught by Ambrose (see Ref. X).

5. As per claim 3, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA further teaches the step (f) after step (d) and before step (e), sending a statement to the consumer for at least one of the first amount, interest or a late fee, in accordance with the parameters set in step (b) (see page 76).

6. As per claim 4, ABA teaches the method of claim 3 as described above. ABA further teaches wherein, the parameters set in step (b) specify billing the consumer for at least one of interest and a late fee only if the first amount is not paid in full prior to a deadline set by the parameters (see pages 52, 76-77 and Exhibit 6.9, item 6).

7. As per claim 6, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA does not explicitly teach wherein, the parameters set in step (b) permit the consumer to set an interest rate charged on at least the first amount.

Bonalle teaches wherein, the parameters set in step (b) permit the consumer to set the interest rate charged on at least the first amount (see paragraph 11).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA, Bonalle and Ambrose to allow a consumer to set interest rates because it attracts new consumers into becoming card members as taught by Bonalle (see paragraph 3).

8. As per claim 9, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA further teaches wherein the first amount is debited from the stored credit in step (d) as the result of a purchase made using the financial card in a retail establishment (see page 76 and Exhibit 6.9, items 3, 11, 12 and 16).

9. As per claim 10, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA further teaches wherein the paying in step (e) further includes repaying at least a portion of the first amount, and wherein the at least a portion of the first amount is additionally added to the remaining credit to form the new stored credit (see page 76).

10. As per claim 13, ABA teaches the method of claim 3 as described above. ABA further teaches (g) debiting a second amount from the remaining credit, using the financial card (see page 76, Exhibit 6.9).



11. As per claim 14, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA further teaches (h) debiting a finance charge from the stored credit if the parameters set in (b) are not met (see page 78).
12. Claim 15 recites similar limitations to claim 2 and thus rejected using the same art and rationale in the rejection of claim 2 as set forth above.
13. As per claim 16, ABA, Bonalle and Ambrose teach the method of claim 15 as described above. ABA further teaches wherein said parameters are set in step (b) by the consumer (see page 52).
14. Claim 17 recites similar limitations to claim 3 and thus rejected using the same art and rationale in the rejection of claim 3 as set forth above.
15. Claim 18 recites similar limitations to claim 4 and thus rejected using the same art and rationale in the rejection of claim 4 as set forth above.
16. As per claim 19, ABA, Bonalle and Ambrose teach the method of claim 15 as described above. ABA further teaches (h) debiting a finance charge from the stored credit if the parameters set in (b) are not met (see page 78).
17. Claim 20 recites similar limitations to claim 6 and thus rejected using the same art and rationale in the rejection of claim 6 as set forth above.
18. Claim 21 recites similar limitations to claim 10 and thus rejected using the same art and rationale in the rejection of claim 10 as set forth above.
19. As per claim 22, ABA teaches the financial institution managing savings, comprising:

a record of a credit stored by a consumer at the financial institution (see page 59);

a debit card affiliated with the financial institution, use of which provides the consumer with access to said stored credit (see page 65-72); and

a billing system for managing said stored credit according to said parameters set by the consumer, wherein said billing system debits said stored credit in accordance with purchases made using said debit card, said billing system generating a statement detailing said debits to said stored credit and any interest or late fees due in accordance with said parameters, said billing system further debiting an amount of said debits from the record of the stored credit and crediting said stored credit in the amount of any repayments of debits, payments of late fees and payments of interest made by the consumer; and (see Exhibit 6.9)

the financial institution transmitting said statement to the consumer (see page 81).

20. Claims 5, 11 and 12 rejected under 35 U.S.C. 103(a) as being unpatentable over The Bank Credit Card Business by American Bankers Association (see PTO-892, Ref. U) [Hereinafter ABA] in view of Bonalle et al., U.S. Patent Application Publication 2003/0041025 (see PTO-892, Ref. G) in view of 401(k) too nice to pinch by Eileen Ambrose [Hereinafter Ambrose] (see PTO-892, Ref. X) and further in view of Orchard Credit Cards (see PTO-892, Ref. V) [Hereinafter Orchard Bank].

21. As per claim 5, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA does not explicitly teach wherein, the parameters set in step (b)

permit the consumer to set the maximum amount the stored credit can be debited by the first amount and subsequent amounts.

Orchard Bank teaches wherein, the parameters set in step (b) permit the consumer to set the maximum amount the stored credit can be debited by the first amount and subsequent amounts (see Ref. V).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA, Bonalle and Ambrose and Orchard Bank to set maximum credit limits that can be debited because it prevents a consumer from spending more money than what is currently on deposit in a linked savings account.

22. As per claim 11, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA does not explicitly teach wherein the stored credit is a savings account in a bank, the savings account being managed in accordance with the parameters set in step (b), the bank providing the financial card to the consumer.

Orchard Bank teaches wherein the stored credit is a savings account in a bank, the savings account being managed in accordance with the parameters set in step (b), the bank providing the financial card to the consumer (see Ref. V).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA, Bonalle and Ambrose and Orchard Bank to link a savings account to a credit card because it prevents a consumer from spending more money than what is currently on deposit in the linked savings account.

23. As per claim 12, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA teaches wherein the bank providing the financial card and statement to the consumer. ABA does not explicitly teach wherein the stored credit is stored in a savings account in a bank, the savings account being managed in accordance with the parameters set in step (b).

Orchard Bank teaches wherein the stored credit is a savings account in a bank, the savings account being managed in accordance with the parameters set in step (b), the bank providing the financial card to the consumer (see Ref. V).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA, Bonalle and Ambrose and Orchard Bank to link a savings account to a credit card and providing a statement and credit card because it allows a consumer to make financial transactions using a credit that is linked to a savings account and receive monthly statement showing the transactions.

24. Claims 7 and 8 rejected under 35 U.S.C. 103(a) as being unpatentable over The Bank Credit Card Business by American Bankers Association (see PTO-892, Ref. U) [Hereinafter ABA] in view of PSECU Capitol Card (see PTO-892, Ref. W) [Hereinafter PSECU].

25. As per claim 7 and 8, ABA, Bonalle and Ambrose teach the method of claim 2 as described above. ABA does not explicitly teach wherein, the parameters set in step (b) permit the consumer to set a monthly minimum payment for repaying at least the first

amount and wherein, the parameters set in step (b) permit the consumer to set the monthly minimum payment as a percentage of the funds owed.

PSECU teaches wherein, the parameters set in step (b) permit the consumer to set the monthly minimum payment for repaying at least the first amount and wherein, the parameters set in step (b) permit the consumer to set the monthly minimum payment as a percentage of the funds owed (see Ref W).

Therefore, it would be prima facie obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of ABA and PSECU to allow the consumer to set the monthly minimum payment based on a dollar amount or a percentage of balance owed because it allows the consumer flexibility in payments and convenience.

#### **(10) Response to Argument**

**I.A** On pages 11-12, Appellant argues that the cited references ABA, Bonalle and Ambrose in combination do not teach or disclose a consumer setting the parameters (i.e., including the payment of interest and late fees) for the repayment of amounts debited from the consumer's own saving (i.e. "stored credit", "credit stored by a consumer") in accordance with purchases made by the consumer.

Examiner disagrees. First, ABA teaches the limitation establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer (see pages 183-185). One skilled in the art would know that a stored credit on behalf of a consumer is simply a debit card linked to a savings or checking account. When a

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consumer makes a purchase using a debit card, the transaction amount is debited directly from the consumer's savings or checking account. The amount of funds in the savings or checking account is analogous to stored credit.

Next, ABA in view of Bonalle and further in view of Ambrose teaches the matter of setting repayment parameters like interest rate and time periods for payback (see Bonalle, paragraph 11 below).

[0011] In one embodiment of the present invention, a system and method facilitates the customization of a transaction card having a set interest rate by allowing the consumer 10 to choose when to substitute a promotional interest rate for the set interest rate. For example, the business can offer 0% for the first 3 months, then allow the consumer 10 to choose any other 3 months to implement the 0% rate. The selected rate would be effective at any desired time, and in one embodiment, during the next billing cycle after the selection is entered. While the temporary reduction of the interest rate is discussed in detail herein, one skilled in the art will appreciate that the system and method of the present invention may facilitate the implementation and customization of any of the other promotional examples discussed herein. Moreover, one skilled in the art will appreciate that any type of interest rate or finance charge arrangement may be contemplated by the present invention such as, for example, a constant interest rate, a varying interest rate, an interest rate that adjusts throughout different time periods, application of the interest rate to any portion of the charges or balance, interest rates that are due weekly, monthly, yearly or any other time period, interest rates based on other factors (e.g., membership status, economic indicators, etc) and/or the like.

Bonalle's invention allows a consumer to set a repayment parameter. Bonalle's invention allows a consumer to set an interest rate for a certain time period. This would read on the limitation a repayment parameter being set by a consumer. ABA discusses the traditional use of a debit card and how it is linked to a consumer's checking account or stored credit. When combined, ABA in view of Bonalle, would allow a consumer to set a repayment parameter when using a debit card to make a purchase. In other words, the combination of ABA in view of Bonalle would allow one to repay oneself for money borrowed from a stored credit or checking account. The motivation to combine the references would be that it encourages savings on the part of the consumer because the repayment is made back to the consumer's own checking account or stored credit. See *KSR International Co. v. Teleflex Inc.*, 82 USPQ2d 1385 (2007).

It is noted that sections that Appellant is referring to and arguing on pages 12 and 13 relate to the use of credit cards and not debit cards. Examiner has not relied on these sections for rejection of claims that Appellant is arguing. One skilled in the art knows that a credit card does not function the same as a debit card. Therefore, on page 12 (3rd paragraph from the top), Appellant argues that ABA reference discloses the financial institution advancing credit...to a consumer does not apply and is not relied upon in rejection of the claim. Also, on page 13, Appellant argues that ABA teaches away from using a card drawing from the cardholder's personal funds. This argument is not accurate because ABA discusses a debit card on pages 183-185 which is clearly a card that draws from a cardholder's personal funds.

On page 16, Appellant argues that Ambrose fails to teach establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer and the consumer setting parameters for repayment of amounts debited from the stored credit. On the contrary, Ambrose teaches the concept of repaying oneself for the use of one's own money. Ambrose teaches that funds taken from retirement plans like a 401K must be paid back into the 401K account. In other words, if a consumer has a 401K plan (stored credit), they may use funds from the 401K plan, however the money must be paid back with interest. The money plus interest goes back into the consumer's 401K account.

Appellant makes the argument that ABA in view of Bonalle and further in view of Ambrose fails to teach the limitation that a consumer sets the parameters for repayment. Examiner has clearly shown in Bonalle that a consumer can set their own

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interest rate. Assuming *aguardo*, it is clear that the parameters for repayment can either be set by the consumer or the financial institution who issued the card. One of ordinary skill in the art would have pursued the known potential possibilities (repayment parameter set by consumer) with a reasonable expectation of success.

In addition, the combination of old and well known features of credit cards and debit cards would have predictable results and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

**I.B** It is noted that sections that Appellant is referring to and arguing on pages 17 and 18 relate to the use of credit cards and not debit cards. Examiner has not relied on these sections for rejection of claims that Appellant is arguing. One skilled in the art knows that a credit card does not function the same as a debit card. Examiner has specifically referenced the section regarding debit cards for rejection of claims.

**I.C** Appellant argues that consenting to when a particular interest rate is not the same as setting the interest rate. Examiner disagrees. Bonalle teaches that a consumer can **set a 0% rate for 3 months** (see below). This clearly reads on the limitation of setting an interest rate.

[0011] In one embodiment of the present invention, a system and method facilitates the customization of a transaction card having a set interest rate by allowing the consumer 10 to choose when to substitute a promotional interest rate for the set interest rate. For example, the business can offer 0% for the first 3 months, then allow the consumer 10 to choose any other 3 months to implement the 0% rate. The selected rate would be effective at any desired time, and in one embodiment, during the next billing cycle after the selection is entered. While the temporary reduction of the interest rate is discussed in detail herein, one skilled in the art will appreciate that the system and method of the present invention may facilitate the implementation and customization of any of the other promotional examples discussed herein. Moreover, one skilled in the art will appreciate that any type of interest rate or finance charge arrangement may be contemplated by the present invention such as, for example, a constant interest rate, a varying interest rate, an interest rate that adjusts throughout different time periods, application of the interest rate to any portion of the charges or balance, interest rates that are due weekly, monthly, yearly or any other time period, interest rates based on other factors (e.g., membership status, economic indicators, etc) and/or the like.



Ambrose teaches the concept of repaying oneself for the use of one's own money. Ambrose teaches that funds taken from retirement plans like a 401K must be paid back into the 401K account. In other words, if a consumer has a 401K plan (stored credit), they may use funds from the 401K plan, however the money must be paid back with interest. The money plus interest goes back into the consumer's 401K account. The combination of old and well known features of credit cards, debit cards and 401K accounts would have predictable results and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

II. See arguments presented in sections I.A, I.B and I.C above.

III. See arguments presented in sections I.A, I.B and I.C above.

#### **(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section **(9)** above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

/Shahid Merchant/  
Patent Examiner  
Art Unit 3692

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**A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:**

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Conferees:

Kambiz Abdi /K.A./  
Supervisory Patent Examiner  
Art Unit 3692

Vincent Millin /VM/  
Appeals Practice Specialist

/Wynn W. Coggins/

Director, TC 3600